

this organization in reply to a question as to its future after the war, expressed the conviction that it should be kept alive and adapted to peace conditions and that when the government needed money for national enterprises that it should use the machinery now at its disposal to secure that money from the people of Canada.

The people of Canada have acquired a taste for Government bonds and it cannot be doubted that having acquired the habit of investing in such securities they would, even with the withdrawal of war enthusiasm, absorb any reasonable amount offered. Particularly if they can be shown that besides securing a safe income they aid in increasing the national development. What more logical purpose than the development of power, is there for the savings of the Canadian people.

Monopoly and Must be Controlled

Power, particularly water power, is a natural monopoly and the modern tendency is to avoid competition in its production and sale. Any monopoly, however, is liable to exploit the public for its own benefit unless adequate safeguards are provided. Hence we see the growing tendency both at home and abroad, to treat power production on the basis of a regulated monopoly.

Undeveloped water power sites in this country are principally vested in the Crown, either in the right of the Dominion or in the right of the Province in which they lie. In Ontario the production of power is becoming more and more a state enterprise, and this principle is growing in other jurisdictions. Where the state does not actually develop the power sites it is adopting the principle of lease or license providing for the regulation of rates charged and for the recapture of the development at some future date if it so desires.

In Europe the practice appears to be that of leasing a site for a given period after the expiry of which the complete development reverts to the state without compensation, this entails amortization of the investment during the life of the lease and a corresponding increase in the cost of power to the consumer.

In Canada the preference seems to be for compensation if the state takes over the development at the expiry of the lease, comparatively low rental charges and the regulation of rates charged in the case of public utilities, thus providing the people power for all purposes at the lowest rates consistent with economic principles.

How Private Development is Supervised

In order that disaster, material or financial, may not occur, and in order that it may assure itself that any development it may wish to acquire is substantially constructed, of good design and capable of performing the functions for which it is designed, government regulations provide for the submission of the whole scheme to its own experts and grants concessions only on the satisfactory demonstration of its economic soundness; further, complete plans and specifications and data as to the natural conditions at the site have to be submitted and approved before construction can proceed, while during the construction a fully qualified government inspector is appointed to watch the work and enforce the maintenance of the necessary standard of construction.

The most difficult problems water power administration has to face is the control of rates and the fixing of the amount of compensation to be paid if it takes over the works at the expiry of the lease. These problems immediately lead one into the field of finance; stock and bond issues; promotion charges; discounts; construction costs; depreciation, actual or functional; watered stock, and so forth; for without a complete knowledge of the financial end of a big development it is impossible to fairly fix rates or compensation. Further, the public is distrustful of the figures adduced by a public service corporation in support of an increase in rates, and this distrust may lead to actual injustice. If the government could, through a suitable non-political commission, control financing and supervise all accounts, the problem would be much simplified but the exercise of such control is at present difficult.

Were the government to provide a portion or all of the cost of development it would immediately become in a position to exercise this control, therefore why not couple up the Victory Loan organization to water-power development?

Government to Furnish Funds

Let us suppose that a bona-fide promoter, syndicate or municipality desires to develop a water power, it submits its data, both economic and physical, plans, etc., to the commission, which might be the Dominion Power Board enlarged as far as necessary to include eminent financial and legal as well as engineering and administrative representation. This body passes upon the whole scheme and if it approves, provides for the necessary concessions and recommends to the treasury that the necessary funds be provided in exchange for the bonds of the undertaking at a rate sufficient to cover the cost of raising the money and administration.

Thus the bona-fide development would be able to do its financing on a reasonable basis without having to pay the tribute that financial interests sometimes exact. The soundness of the development would be assured and as bondholder the government could exercise that financial control which at present is so difficult to provide for; control of rates and compensation on taking over, would automatically be solved.

To provide the necessary funds the government could avail itself of its existing machinery for providing the people with a safe investment. In short, the public would provide the funds for developing its own resources for its own benefit, with reasonable assurance that its interests were adequately safeguarded by its own representative from the time it invested its money until and during the time it was enjoying the benefit of the utility.

It appears to the writer that this process might apply to both public and privately owned developments, both for public utilities and private purposes. There seems to be no reason why the same funds should not be applied both to the development of a national or international water power on the St. Lawrence and to water power on the frontier of civilization for the purpose of supplying energy say to a nitrogen fixation plant or a pulp mill.

The purpose of this article has been to suggest the linking of two good things for their mutual benefit,—national thrift to national development. That the advantages to be expected from the linking of the new sources of capital with water power should appeal more forcibly to the writer than other combinations is natural; no doubt others who may approve the idea will be able to suggest arguments in the direction of the development of other national enterprises.

Public and private ownership have each their champions, but the fact remains that, public or private, large enterprises are generally financed on borrowed money and every dollar deposited in a bank goes to swell the sea of capital from which funds are dipped to pay for the development of water powers, railways, plantations, etc., all over the world.

The war has brought in its train many new conceptions international, national and individual, many prejudices have gone by the board. Democracy has overthrown autocracy in the matter of national government, there are other autocracies that must yield if democracy is to weather the storm.

"All men are born equal" is a saying as common as it is untrue. "All men become equal when they die" is more true in the mundane sense, and high and low have alike shown themselves willing for the sake of a great cause to accept this equality. Nevertheless there are many inequalities that are artificial and these must be ameliorated. The "common people" have demonstrated that they are the nation and will demand an equalization of opportunities and a more equal share of the world's goods. Capital has dictated to labor, labor now in a growing measure dictates to capital, neither can exist alone and prosperity is dependent on the mutual respect and sympathy of each to the rights and duties of the other. Will not such a "rapprochement" be aided by encouraging the public to subscribe at least a portion of the capital necessary for the development of its own labor?